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Honorable Thomas S. Zilly

AT SEATTLE
 CLERK U.S. DISTRICT COURT
 WESTERN DISTRICT OF WASHINGTON
 DEPUTY

CV 02-01683 #00000009

ORIGINAL

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UNITED STATES DISTRICT COURT
 WESTERN DISTRICT OF WASHINGTON
 AT SEATTLE

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VALVE, L.L.C., a Washington limited liability
 company,

Civil Action No. C02-1683Z

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Plaintiff,

JOINT STATUS REPORT

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v

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SIERRA ENTERTAINMENT, INC. (AKA
 SIERRA ON-LINE, INC.), a Delaware
 corporation,

14

Defendant.

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Plaintiff Valve L.L.C. ("Valve") and defendant Sierra Entertainment, Inc. ("Sierra") hereby submit their Joint Status Report as instructed by the Court's Order Regarding Initial Disclosures, Joint Status Report, and Early Settlement ("Order") dated August 27, 2002. By the Court's Order Regarding Stipulated Motion and Order and Response to Court's Show Cause Order dated November 13, 2002, the deadline for submission of the Joint Status Report was extended until December 10, 2002.

JOINT STATUS REPORT

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1. Nature and complexity of the case On August 14, 2002, Valve filed a claim of copyright infringement against Sierra Copyright Act, 17 U.S.C. § 501 *et seq.* The claim involves Sierra's unauthorized reproduction, use, distribution, and/or licensing of certain Valve software in

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JOINT STATUS REPORT - 1

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1 relation to "cyber-cafes." Sierra filed an Answer, Counterclaim, and Jury Demand on November 25,
 2 2002. Sierra's counterclaim asks for an adjudication and declaration of rights between the parties
 3 pursuant in regard to the Software Publishing Agreement between the parties dated March 29, 2001,
 4 and its addenda Declaratory Judgment Act 28 U S C. §2201. Neither party has served written
 5 discovery

6 2 ADR method which should be used. The parties are presently engaged in settlement
 7 discussions. The parties believe that mediation pursuant to CR 39.1(c) may be appropriate in this
 8 case in the future

9 3 If the parties agree to ADR, when should ADR take place: Given the ongoing
 10 settlement discussions, the parties do not perceive a need for mediation at this time

11 4 Proposed deadline for joining additional parties The parties propose a deadline of
 12 February 28, 2003.

13 5. Proposed discovery plan:

14 A The date on which the FRCP 26(f) conference and FRCP 26(a) initial
 15 disclosures took place. The parties held a FRCP 26(f) conference by
 16 telephone on November 26, 2002. The parties agreed that there was no need
 17 for initial disclosures at this time. The parties agreed that initial disclosures
 18 will take place no later than January 17, 2002.

19 B The subjects on which discovery may be needed and whether discovery may
 20 be needed and whether discovery should be conducted in phases or be limited
 21 to or focused upon particular issues: The parties agreed that certain informal
 22 discovery will take place prior to the initial disclosures. That process is
 23 presently ongoing. The parties agreed that after such informal discovery and
 24 initial disclosures, a discovery plan can be discussed.

25 C What changes should be made in the limitations on discovery imposed under

1 the Federal and Local Rules, and what other limitation should be imposed

2 None.

3 D. A statement of how discovery will be managed so as to minimize expense
4 (e.g., by foregoing or limiting depositions, exchanging documents informally,
5 etc.). See answer to B. above

6 E. Any other orders that should be entered by the Court under FRCP26(c) or
7 under Local Rule CR 16(b) and (c): None at this time.

8 6. The date by which the remainder of discovery can be completed: October 1, 2003

9 7. Whether the parties agree that a full-time Magistrate Judge may conduct all
10 proceedings including trial and entry of judgment, under 28 U.S.C. Section 535(c) and Local Rule
11 MJR 13. The parties do not so consent

12 8. Whether the case should be bifurcated by trying the liability issues before the
13 damages issues, or bifurcated in any other way: No.

14 9. Whether the pretrial statements and pretrial order called for by Local Rules CR 16(e),
15 (h), (i), and 16 1 should be dispensed with in whole or in part for the sake of economy The parties
16 do not know at this time, but will revisit this question prior to such deadlines

17 10. Any other suggestions for shortening or simplifying the case Not at this time

18 11. The date the date will be ready for trial any date convenient for the court in January,
19 2004

20 12. Whether the trial will be jury or non-jury Sierra has filed a jury demand.

21 13. The number of trial days required: 7-10 days

22 14. The names, addresses, and telephone numbers of all trial counsel

23 Attorneys for Plaintiff Valve

24 Karl J. Quackenbush

25 Jason P. Holtman

26 Kristin J. Boraas

 Preston Gates & Ellis LLP

1 701 Fifth Avenue, Suite 5000
2 Seattle, WA 98104-7078
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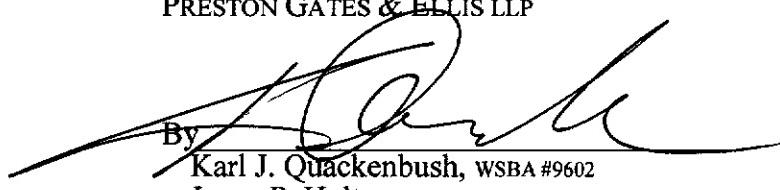
4 Attorneys for Defendant Sierra Entertainment, Inc .

5 F. Ross Boundy
6 Robert J Carlson
7 Mark P Walters
8 Christensen O'Connor Johnson Kindness
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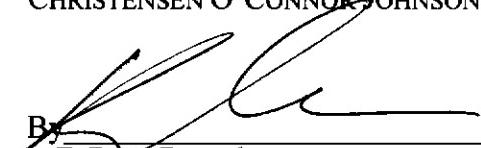
12 15. Whether any party wishes a scheduling conference prior to a schedule order being
13 entered in the case. No.

14 DATED this tenth day of December, 2002.

15 PRESTON GATES & ELLIS LLP

16 By 
17 Karl J. Quackenbush, WSBA #9602
18 Jason P. Holtman, WSBA #28233
19 Kristin J. Boraas, WSBA #32015
20 Attorneys for Plaintiff
21 Valve, L.L.C.

22 CHRISTENSEN O'CONNOR JOHNSON KINDNESS

23 By 
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26 Mark P. Walters, WSBA #30819
27 Attorneys for Defendant
28 Sierra Entertainment, Inc .
